

# ANNUAL REPORT OF THE GENERAL MANAGER OF THE NEW ZEALAND GOVERNMENT RAILWAYS.

The Hon. the Minister of Railways.

New Zealand Government Railways,  
Head Office, Wellington,

SIR,—

2nd September, 1929.

I have the honour to report on the working of the railways for the financial year 1928–29. On retirement of the members of the Board of Management I entered upon office as General Manager on the 1st June, 1928. Owing, however, to its being found impossible to at once release me from the position then held by me as general manager of the New Zealand Co-operative Dairy Co., Ltd., I was not able to give my full time to the work of the Department until the termination of my period of service with that company on the 30th November of that year. I assumed full control of the Department on the 1st December, 1928.

Before dealing in detail with the various branches of railway working I purpose reviewing briefly the year's results and commenting upon some of the more important aspects of the Railway Department's activities.

## FINANCIAL.

On the 31st March, 1929, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £56,568,598, as compared with £51,187,376 on the 31st March, 1928, an increase of £5,381,222.

This increase in capital includes £3,464,578 construction charges on lines taken over from the Public Works Department during the year, £368,886 expended on new works and charged against Capital Account under "Additions to Open Lines," and £1,547,758 expended under the Railways Improvement Authorization Act, 1914.

The financial results for the year under review as compared with the preceding year are as follows:—

	Year ending 31st March, 1929. £	Year ending 31st March, 1928. £	Increase. £
Gross revenue .. .. .	8,249,038	8,034,970	214,068
Credit for developmental lines .. .. .	498,937	489,568	9,369
Total .. .. .	8,747,975	8,524,538	223,437
Gross expenditure .. .. .	6,849,383	6,685,123	164,260
Interest .. .. .	2,331,335	2,130,867	200,468
Total .. .. .	9,180,718	8,815,990	364,728
Deficit .. .. .	£432,743	£291,452	£141,291

The gross receipts for the year, inclusive of the credit for developmental lines, were £8,747,975, as against £8,524,538 for the previous year. The gross earnings, which exclude the credit for developmental lines, were £8,249,038, an increase of £214,068, or 2·66 per cent., on the previous year's figures.

The gross expenditure totalled £6,849,383, an increase of £164,260, or 2·46 per cent., on the figures for the year ending 31st March, 1928.

It will be noted that on the figures tabulated above the revenue, excluding the credit in respect of developmental lines, increased by £214,068, equal to 2·66 per cent., while the expenditure increased by £164,260, equal to 2·46 per cent., an improvement in revenue on these figures of £49,808. In order, however, to get a comparison of this year with the previous year in true perspective it is necessary to make allowance for certain circumstances which arose during the year under review and which have a differentiating effect as between the two years. In other words, in order to make a true comparison for purposes of framing a judgment on the financial results of the Department it is necessary to bring the figures of both years as nearly as possible to the same basis.

The first and largest differentiating factor is the new lines that were taken over during the year, and for which *credit for loss* was not received by the Department. These were the Kirikopuni and East Coast Main Trunk Sections. The operating revenue on the Kirikopuni Section from the time it was taken over until the end of the year was £2,495; the expenditure was £7,481. The expenditure on the East Coast Main Trunk Railway was £72,689, while the revenue was £49,678. The total operating expenditure on the two lines was £80,170, and the operating revenue was £52,173. Deducting these figures from the revenue and expenditure as shown in the figures for 1928–29 tabulated above, we find that if these two lines had not been taken over the expenditure would have shown £6,769,213 and the revenue £8,695,802, giving a net revenue on that basis of £1,926,589, as compared with a net revenue on the same basis last year of £1,839,415, an increase for this year of no less than £87,174. In addition to this, it has to be noted that during the year under review there has been put aside out of revenue for the general renewals and Depreciation Fund and the Insurance Fund no less than £43,680 more than last year, all of which money, of course, was actually earned by the Department as revenue over its operating-expenses.

It will be seen, therefore, that if we consider the railways from the point of view of operating revenue and expenditure, the Department has made substantial progress during the year.